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## **SOUTHERN AFRICA'S CENTRAL BANK GOVERNORS CONVENE TO CHAMPION SUSTAINABILITY IN THE FINANCIAL SYSTEM**

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1. Distinguished Central Bank Governors from across Southern Africa gathered for the 57th Committee of Central Bank Governors (CCBG) meeting, hosted by the Bank of Namibia in Swakopmund, Erongo Region. The event featured a panel discussion focused on sustainability within the financial system and was opened by the Prime Minister of the Republic of Namibia, Right Honourable Saara Kuugongelwa-Amadhila.
2. In her welcoming address, the Prime Minister recognised the successive series of natural disasters, droughts, and floods Southern Africa had endured due to climate variability. She noted food insecurity as one of the effects the El Nino phenomenon had caused in Namibia and spoke to the drought relief programme that the Government of Namibia would undertake until the end of June 2024 as a means to support affected communities. The Prime Minister stressed the need for the financial sector to adapt and craft creative techniques and models to mitigate the impact of climate-related shocks and their macroeconomic implications.
3. This address was followed by the panel discussion which aimed to underscore the importance of robust environmental and climate risk management practices within the financial sector while emphasising Southern Africa's commitment to becoming a leader in sustainable finance. The Southern African region, despite contributing minimally to global emissions, faces disproportionate vulnerability to the adverse effects of climate change. Extreme weather events, such as cyclones, droughts, and flooding, disrupt economic activity, leading to financial losses and heightened macroeconomic risks.
4. The panel discussion featured five distinguished panelists who provided valuable insights into the critical themes of the event: the Governor of the South African Reserve

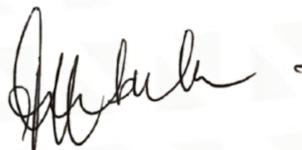
Bank and Chair of the CCBG, Mr. Lesetja Kganyago; the Governor of the Bank of Namibia, Mr. Johannes !Gawaxab; the Governor of the Bank of Mozambique, Mr. Rogério Zandamela; Executive Board Member of the Deutsche Bundesbank, Dr. Sabine Mauderer; and, the Chief Executive Officer of Environmental Investment Fund of Namibia, Mr. Benedict Libanda.

5. Governor Kganyago emphasized the significance of addressing climate change within central banks' financial stability and monetary policy mandate while cautioning against mission creep. He highlighted the South African Reserve Bank's proactive initiatives, including the development of climate change indicators and disclosure guidance, in line with their supervisory actions aimed at enhancing the resilience of financial institutions against climate-related risks.
6. Governor Zandamela shared Mozambique's harrowing experience of being severely affected by extreme weather events, such as cyclones and flooding, leading to substantial economic repercussions. In 2022, these events caused Mozambique to lose nearly 10 percent of its GDP. On his end, Mr. Libanda illuminated the vulnerability of Southern African Development Community (SADC) countries to the impacts of climate change, characterising them as among the most vulnerable nations globally. He emphasised the staggering financial requirements of the SADC region, which necessitate an annual investment of 200 billion USD by 2030 for effective climate adaptation and mitigation. Mr. Libanda underscored the urgency of strategic partnerships and innovative financing mechanisms to meet this objective.
7. On her end, Dr. Mauderer from the Deutsche Bundesbank underscored the pivotal role of central banks in utilising their analytical capabilities to draw the attention of governments to act on climate change while prioritising financial and price stability. She emphasised the need for central banks to define the role of the financial system and financial institutions in addressing and mitigating climate-related risks. Dr. Mauderer also highlighted the challenge of triggering private financing to support climate adaptation, particularly in the context of limited fiscal space in both the global north and south.
8. As the host of the engagement, the Governor of the Bank of Namibia, Mr. Johannes !Gawaxab shed light on Namibia's vulnerability to recurring droughts, which adversely affect both livelihoods and economic stability. Governor !Gawaxab detailed Namibia's strategic commitment to the global transition agenda, with a specific focus on Green

Hydrogen. He detailed how this ambitious initiative aligns with the country's climate resilience goals and broader economic development objectives.

9. Said !Governor Gawaxab: “Namibia's commitment to Green Hydrogen is a clear demonstration of our dedication to addressing climate change while fostering economic growth. The production and export of Green Hydrogen aligns with our climate resilience goals of reducing greenhouse gas emissions, enhancing energy security, and diversifying our economy – and we believe that this initiative will enable us to tackle climate change whilst simultaneously promoting sustainable economic development.”
  
10. The discussions reaffirmed the commitment of the represented central banks and financial institutions to work towards addressing the pressing challenges posed by climate change. The proactive measures shared by the respective panellists underscored the importance of building resilience within the financial system while actively contributing to positive environmental change. Further to this, the engagement emphasised the need for international cooperation and equitable partnerships, ensuring that no one is left behind on the journey towards a greener financial system.

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